

Message Text

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62

ORIGIN EB-07

INFO OCT-01 ARA-06 EUR-12 EA-07 NEA-10 IO-11 ISO-00 SS-15

SSO-00 CCO-00 NSCE-00 CIAE-00 DODE-00 NSAE-00 USIE-00

INRE-00 FEA-01 AGR-05 CEA-01 COME-00 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSC-05 PA-01 AID-05 CIEP-01

STR-04 ITC-01 TRSE-00 PRS-01 SP-02 OMB-01 AF-06 /127 R

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APPROVED BY EB/OT/STA:BBISHOP

S/S:CABORG

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FM SECSTATE WASHDC

TO USDEL SECRETARY IMMEDIATE

AMEMBASSY ATHENS

AMEMBASSY BELGRADE

AMEMBASSY BERN

AMEMBASSY BOGOTA

AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BUCHAREST

AMEMBASSY BUENOS AIRES

AMEMBASSY DUBLIN

AMCONSUL HONG KONG

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY MEXICO

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY SEOUL

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

AMEMBASSY VIENNA

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AMEMBASSY WARSAW

USMISSION EC BRUSSELS
USMISSION GENEVA
INFO USMISSION OECD PARIS IMMEDIATE
USDEL MTN GENEVA

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E.O. 11652: N/A

TAGS: ETRD

SUBJECT:U.S. INTERNATIONAL TRADE COMMISSION FINDING IN
ESCAPE CLAUSE CASE INVOLVING NON-RUBBER FOOTWEAR.

REF: STATE 198253

1. PURSUANT TO AN INVESTIGATION UNDER SECTION 201 (B)(1)
OF THE TRADE ACT OF 1974, THE U.S. INTERNATIONAL TRADE
COMMISSION (ITC) FOUND ON FEBRUARY 20 THAT INCREASED IMPORTS
OF NON-RUBBER FOOTWEAR (TSUS ITEMS 700.05 THROUGH 700.85
INCLUSIVE EXCEPT ITEMS 700.51, 700.52, 700.53 AND 700.60)
WERE SUBSTANTIAL CAUSE OF SERIOUS INJURY, OR THREAT THEREOF,
TO DOMESTIC INDUSTRY PRODUCING AN ARTICLE LIKE OR DIRECTLY
COMPETITIVE WITH THE IMPORTED ARTICLE. HOWEVER, COMMIS-
SIONERS WERE DIVIDED ON REMEDIES RECOMMENDED TO PRESIDENT.
FOLLOWING IS TEXT OF PRESS RELEASE.

2. BEGIN TEXT - THE UNITED STATES INTERNATIONAL TRADE
COMMISSION TODAY REPORTED TO THE PRESIDENT THAT THE U.S.
FOOTWEAR INDUSTRY IS SUFFERING SERIOUS INJURY FROM IN-
CREASED IMPORTS.

THE COMMISSIONERS WERE DIVIDED IN THEIR VIEWS AS TO THE
APPROPRIATE REMEDY. CHAIRMAN WILL E. LEONARD AND COMMIS-
IONERS GEORGE M. MOORE AND CATHERINE BEDELL RECOMMENDED

INCREASING TARIFFS UP TO LEVELS OF 35 PERCENT, WITH 3-
PERCENT ANNUAL REDUCTIONS EACH YEAR OVER A 5-YEAR PERIOD.

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VICE CHAIRMAN DANIEL MINCHEW AND COMMISSIONER JOSEPH O.
PARKER SUGGESTED A TARIFF-RATE QUOTA AS THEIR REMEDY.
THEY WOULD KEEP THE CURRENT TARIFF LEVEL ON THE QUANTITY OF
IMPORTS UP TO THE 1974 LEVEL, WITH RATES OF 40 PERCENT ON
IMPORTS ABOVE THE 1974 LEVEL OF IMPORTS, WITH 5-PERCENT
ANNUAL REDUCTIONS STAGED OVER A 5-YEAR PERIOD.

COMMISSIONER ITALO H. ABLONDI SUGGESTED ADJUSTMENT AS-

SISTANCE FOR WORKERS, FIRMS, AND COMMUNITIES AS HIS
REMEDY.

THE COMMISSION INITIATED AN INVESTIGATION ON SEPTEMBER
17, 1975, IN RESPONSE TO A PETITION FROM THE AMERICAN
FOOTWEAR INDUSTRIES ASSOCIATION, THE BOOT AND SHOE
WORKERS' UNION, AND THE UNITED SHOE WORKERS OF AMERICA.
THE IMPORTED FOOTWEAR COVERED BY THIS INVESTIGATION IS
GENERALLY REFERRED TO AS NONRUBBER FOOTWEAR. THE INVE-
STIGATION INCLUDED THE PUBLIC HEARING, FIELDWORK BY THE
COMMISSION STAFF, QUESTIONNAIRES SENT TO THE INDUSTRY
AND TO IMPORTERS, AND BRIEFS BY INTERESTED PARTIES. THE
COMMISSION HAS CONDUCTED SEVERAL OTHER INVESTIGATIONS
OF THE FOOTWEAR INDUSTRY IN RECENT YEARS.

IN 1975 THERE WERE MORE THAN 350 COMPANIES PRODUCING NON-
RUBBER FOOTWEAR IN THE UNITED STATES IN 600 TO 700 ESTAB-
LISHMENTS. IN 1969 THERE WERE NEARLY 600 COMPANIES
PRODUCING NONRUBBER FOOTWEAR IN APPROXIMATELY 900 ESTAB-
LISHMENTS. RUBBER FOOTWEAR IS CURRENTLY BEING PRODUCED
IN AN ESTIMATED 85 ESTABLISHMENTS--A DECLINE FROM THE
APPROXIMATELY 106 ESTABLISHMENTS REPORTING PRODUCTION OF
SUCH FOOTWEAR IN 1972. THE MAJOR FOOTWEAR-PRODUCING
AREAS IN THE UNITED STATES ARE THE MIDDLE ATLANTIC AND
NEW ENGLAND STATES, ALTHOUGH SHOES ARE MANUFACTURED IN 37
STATES. THE NONRUBBER FOOTWEAR INDUSTRY EMPLOYED 178,000
WORKERS IN 1974, DOWN 17 PERCENT FROM 1970. THERE WAS
A SMALL INCREASE IN THE NUMBER OF WORKERS ENGAGED IN THE
PRODUCTION OF RUBBER FOOTWEAR DURING 1971-74.

THE VOLUME OF IMPORTS COVERED IN THE INVESTIGATION IN-
CREASED BY 19 PERCENT BETWEEN 1970 AND 1974 TO A TOTAL OF
318 MILLION PAIRS. IMPORTS ACCOUNTED FOR 34 PERCENT OF
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THE FOOTWEAR MARKET IN 1974. U.S. PRODUCTION OF NON-
RUBBER FOOTWEAR DECLINED BY 19 PERCENT BETWEEN 1970 AND
1974, WHILE PRODUCTION OF RUBBER FOOTWEAR INCREASED ONLY

SLIGHTLY. PRINCIPAL SUPPLIERS OF U.S. IMPORTS IN RECENT
YEARS HAVE BEEN TAIWAN, ITALY, SPAIN, AND BRAZIL. END
TEXT.

3. FOLLOWING ARE EXTRACTS FROM PRELIMINARY REPORT TO THE
PRESIDENT PROVIDING DETAILS OF RECOMMENDED REMEDIES:

BEGIN TEXT - COMMISSIONERS LEONARD, MOORE AND BEDELL FIND
AND RECOMMEND THAT, IN LIEU OF THE EXISTING RATES OF
DUTY, THE IMPOSITION OF RATES OF DUTY AS FOLLOWS IS NEC-
ESSARY TO PREVENT OR REMEDY SUCH INJURY:

FOOTWEAR, PROVIDED FOR IN ITEMS 700.05 THROUGH 700.85,
INCLUSIVE (EXCEPT ITEMS 700.51, 700.52, 700.53, AND
700.60, AND DISPOSABLE FOOTWEAR, DESIGNED FOR ONE-TIME
USE, PROVIDED FOR IN ITEM 700.85), OF THE TSUS:

1ST	2ND	3RD	4TH	5TH
YEAR	YEAR	YEAR	YEAR	YEAR

VALUES NOT OVER \$2.50 PER PAIR	35	32	29	26	23
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VALUED OVER \$2.50 BUT NOT OVER					
\$6 PER PAIR	30	27	24	21	18

VALUED OVER \$6 PER PAIR	25	22	19	16	13
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COMMISSIONERS MINCHEW AND PARKER FIND AND RECOMMEND THAT
IT IS NECESSARY TO IMPOSE A TARIFF-RATE QUOTA SYSTEM FOR
THE ENSUING FIVE-YEAR PERIOD APPLYING TO ALL FOOTWEAR
COVERED BY THE COMMISSION'S NOTICE OF INVESTIGATION (EX-
CEPT ZORIS PROVIDED FOR IN ITEM 700.54 OF THE TSUS AND
DISPOSABLE FOOTWEAR, DESIGNED FOR ONE-TIME USE, PROVIDED
FOR IN ITEM 700.85) WITH THE EXISTING RATES OF DUTY AP-
PLYING TO FOOTWEAR IMPORTS OUTSIDE THE QUOTAS, AND WITH
THE QUOTAS ESTABLISHED AND ALLOCATED TO COUNTRIES SUBJECT
TO RATES OF DUTY PROVIDED FOR IN RATE OF DUTY COLUMN
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NUMBERED 1 OF THE TSUS ON THE BASIS OF THEIR RESPECTIVE
AGGREGATED QUANTITIES OF FOOTWEAR IMPORTS DURING CALENDAR
YEAR 1974.

COUNTRY	QUOTA QUANTITY (1,000 PRS.)
REPUBLIC OF CHINE (TAIWAN)	88,284
ITALY	62,603
SPAIN	35,033
BRAZIL	21,324

COUNTRY	QUOTA QUANTITY (1,000 PRS.)
REPUBLIC OF KOREA	9,202
JAPAN	5,855
HONG KONG	5,580
ARGENTINA	5,328
MEXICO	4,145
GREECE	3,238
FRANCE	2,965

INDIA	2,924
ROMANIA	2,817
AUSTRIA	2,746
CANADA	2,534
YUGOSLAVIA	1,784
POLAND	1,677
WEST GERMANY	1,668
COLUMBIA	1,164
UNITED KINGDOM	896
IRELAND	785
SWITZERLAND	363
ALL OTHER	2,667
TOTAL	265,582

ALL IMPORTS OUTSIDE THE SPECIFIED QUOTA QUANTITIES SHOULD
BE ASSESSED WITH RATES OF DUTY AS FOLLOWS:

FOR THE FIRST YEAR 40 PERCENT
FOR THE SECOND YEAR 35 PERCENT
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FOR THE THIRD YEAR 30 PERCENT
FOR THE FOURTH YEAR 25 PERCENT
FOR THE FIFTH YEAR 20 PERCENT

END TEXT

4. PRESIDENT HAS 60 DAYS TO DETERMINE METHOD AND AMOUNT
OF RELIEF HE WILL PROVIDE OR TO DETERMINE THAT RELIEF IS
NOT IN U.S. NATIONAL INTEREST. IN MAKING DETERMINATION,
THE PRESIDENT WILL CONSIDER VIEWS OF EXPORTING COUNTRIES.

5. FOR U.S. MISSION GENEVA. PLEASE NOTIFY GATT SECRE -
TARIATE. MAW

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Message Attributes

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Disposition Authority: morefirh
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